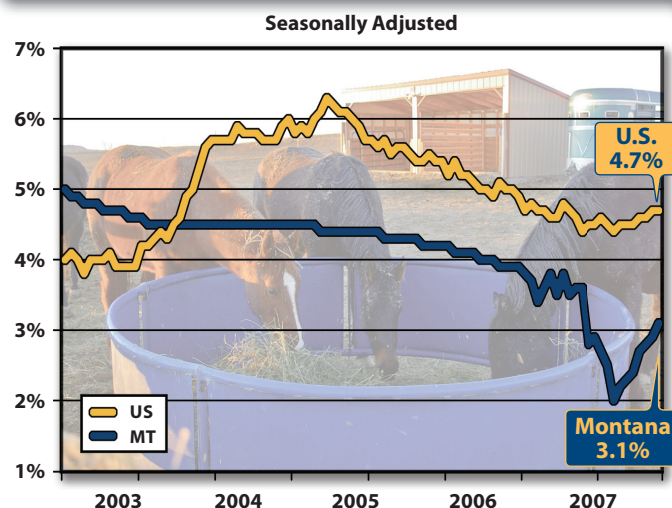


# Montana Economy at a Glance

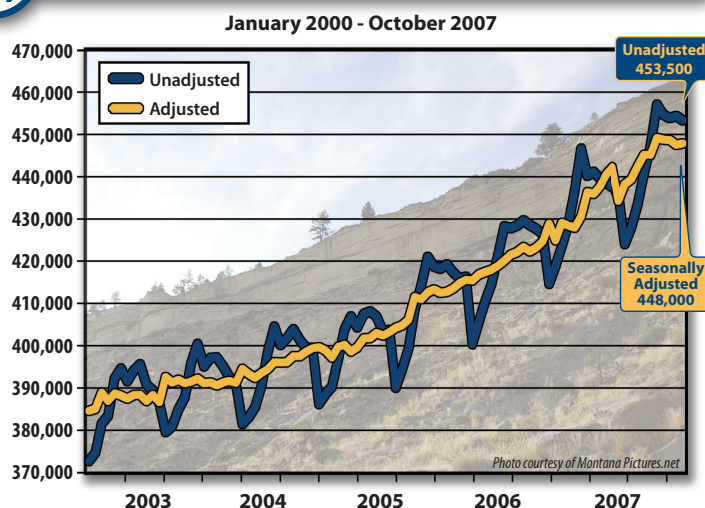
## UNEMPLOYMENT RATE



## NONFARM EMPLOYMENT

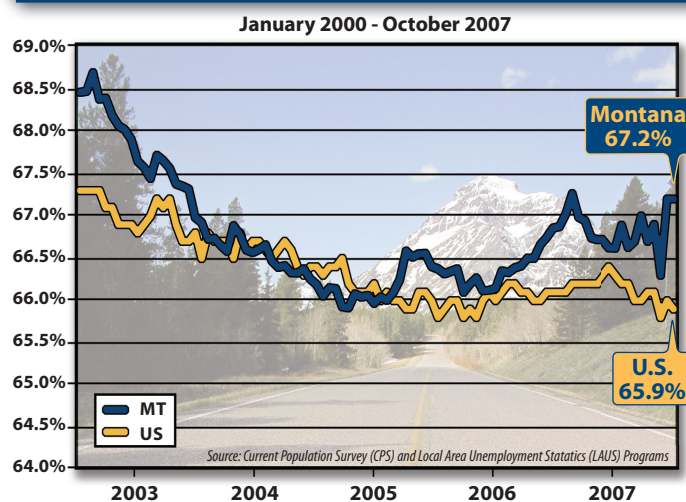


Montana's seasonally adjusted unemployment rate rose to 3.1% in October 2007 from 2.9% in September. The U.S. rate remained steady at 4.7% over the month.



Montana's seasonally adjusted nonagricultural payroll employment increased by 300 jobs (+0.1%) from September to October 2007. Trade, Transportation, & Utilities showed the largest increase, with 600 (+0.7%) added jobs. Gains were also seen in Construction, which was up by 500 jobs (+1.5%), Manufacturing, up 300 (+1.5%), and Professional & Business Services, also up 300 jobs (+0.7%).

## LABOR FORCE PARTICIPATION



Montana's labor force participation rate was stable between September and October and maintained its high level of 67.2%. The U.S. rate fell slightly and remained below the Montana rate at 65.9%.

## EMPLOYMENT BY INDUSTRY

Industry Employment (in thousands)	Oct. <sup>(P)</sup> 2007	Sept. 2007	Net Change	Percent Change
Total Non-Agricultural	448.0	447.7	0.3	0.1%
Natural Resources & Mining	8.5	8.5	0.0	0.0%
Construction	33.7	33.2	0.5	1.5%
Manufacturing	20.8	20.5	0.3	1.5%
Trade, Transportation, Utilities	92.0	91.4	0.6	0.7%
Information	7.7	7.6	0.1	1.3%
Financial Activities	22.8	22.6	0.2	0.9%
Professional & Business Services	41.6	41.3	0.3	0.7%
Education & Health Services	59.3	59.3	0.0	0.0%
Leisure & Hospitality	57.8	58.7	-0.9	-1.5%
Other Services	17.2	17.4	-0.2	-1.1%
Total Government	86.6	87.2	-0.6	-0.7%

(P) denotes preliminary figures



# Components of an Economy:

## An Analysis of Wage Growth Rates in Montana's Industries

By Jessie Counts

When we think about the well-being of Montana's economy, we tend to favor those industries categorized as "high-wage" or those having a high rate of wage growth. But not every industry can provide high wages or wage growth (nor would we want them to—just imagine the price of a cheeseburger if food service workers earned health care industry wages). While a "low-wage, low wage-growth industry" sounds less than desirable, every industry has a part to play in the overall economy. This article explores the roles of the different industry groupings in keeping Montana's economy balanced.

### Methods

Montana companies are assigned an industry based on the products or services they provide. Grouping industries in different ways allows us to examine and highlight similarities in seemingly unrelated industries. A comparison of average wages from 2002 to 2006 in each of ninety different industrial categories shows which industries had increased average wages and at what rates. Figure One compares the average wage growth by industry to the average wages in 2002. The industries were divided into quadrants by median growth rate (17%) and median 2002 average wage (\$26,383). Figure Two lists the industries included in each quadrant.

### Industries with High Product Demand (Quadrant I)

A primary driver of levels and growth of wages is the demand for the product or service that the industry produces. Industries that fall into Quadrant I in this analysis had high wages in 2002 and a

high growth rate over the period. They often combine high level employee skills or education with high demand products. These industries serve Montana's economy by providing high paying jobs with potential for even greater increases.

The mining sector is a good example of this trend. Growth rates for mining industries range from 19% to over 40%. Gas, oil and metals have strong markets locally, within the United States and around the world. Strong demand for these products has pushed prices higher and encouraged companies to increase their output. Workers are benefiting from higher demand through increased competition for their services, which is resulting in higher wages.

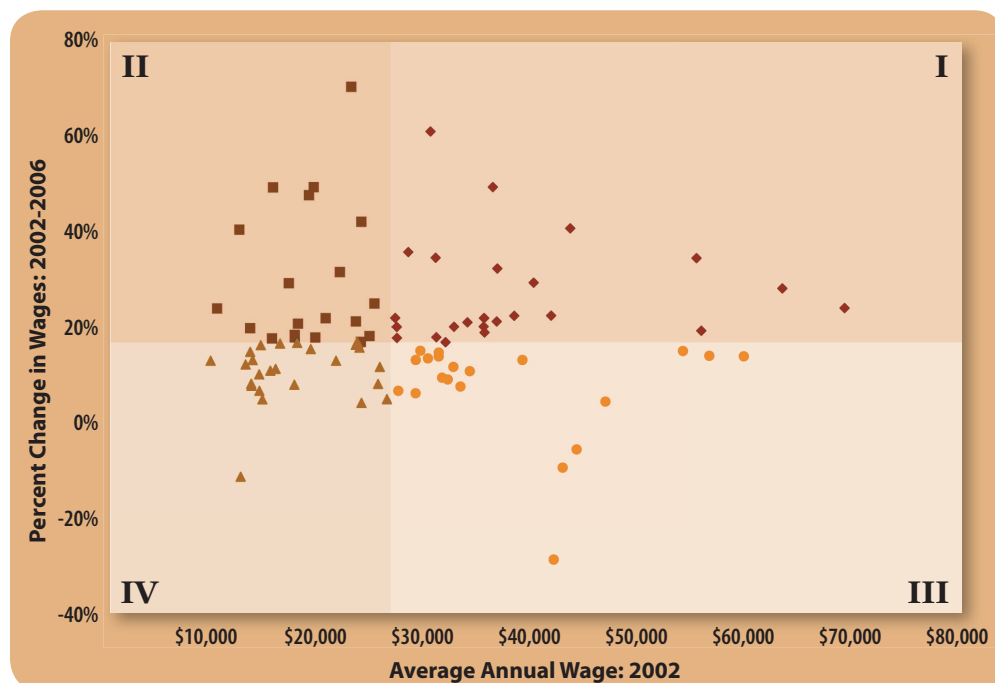
Similarly, much of the health care sector is included in this quadrant. Both the Hospitals and Ambulatory Health Care industries have high growth rates and high wages. As the population continues to age, one would expect healthcare services to continue to be in high demand. Additionally, demand for health care products and services increases as early detection and preventative procedures become more commonplace.

### Industries Creating High Product Demand (Quadrant II)

Industries in Quadrant II also had high growth in wages, but the initial wages in 2002 were lower. As these industries experience higher growth, they get closer and closer to becoming industries with above median wages. These industries are representative of businesses that

push growth in Montana's economy.

**Figure One: Average Wage Growth by Industry 2002-2006 and Avg. Annual Wage by Industry, 2002**



The real estate industries are part of this group. The services that real estate businesses provide have grown from just selling homes and buildings in local markets to acting as liaisons for interstate corporations and increased property management services. As the customer base and real estate values have increased, so have wages. By expanding their market base and increasing services to areas with growth potential, these businesses have developed more demand for their services. Montana seems to be deviating from the national trend in this industry and as new construction and expansion continue, the services of real estate industries are expected to remain in high demand.

**Figure Two: Industries by Quadrant**

<b>I</b> Oil and Gas Extraction Mining (except Oil and Gas) Support activities for Mining Heavy and Civil Engineering Construction Petroleum and Coal Products Manufacturing Chemical Manufacturing Machinery Manufacturing Computer and Electronic Product Manufacturing Miscellaneous Manufacturing Merchant Wholesalers, durable goods Electronic Markets, Agents and Brokers Truck Transportation Publishing Industries (except Internet) Broadcasting (except Internet) ISP's, Search Portals, and Data Processing Credit Intermediation and related services Securities, Commodity Contracts, Investments Insurance Carriers and related Activities Funds, Trusts and Other Financial Vehicles Lessors of Nonfinancial Intangible Assets Professional and Technical Services Management of Companies and Enterprises Waste Management and Remediation Services Ambulatory Health Care Hospitals	<b>III</b> Forestry and Logging Utilities Construction of Buildings Specialty Trade Contractors Food Manufacturing Wood Product Manufacturing Paper Manufacturing Nonmetallic Mineral Product Manufacturing Primary Metal Manufacturing Fabricated Metal Product Manufacturing Electrical Equip and Appliance Manufacturing Transportation Equipment Manufacturing Merchant Wholesalers, nondurable goods Motor Vehicle and Parts Dealer Air Transportation Pipeline Transportation Couriers and Messengers Telecommunications Other Information Services Monetary Authorities - Central Bank
<b>II</b> Crop Production Ag and Forest Support Textile Mills Textile Product Mills Apparel Manufacturing Leather and Allied Product Manufacturing Furniture and Home Furnishings Store General Merchandise Stores Nonstore Retailers Scenic and Sightseeing Transportation Support Activities for Transportation Warehousing and Storage Motion Picture and Sound Recording Industry Internet Publishing or Broadcasting Real Estate Rental and Leasing Services Administrative and Support Services Performing Arts and Spectator Sports Repair and Maintenance Private Households	<b>IV</b> Animal Production Fishing, Hunting and Trapping Beverage and Tobacco Product Manufacturing Printing and Related Support activities Plastics and Rubber Product Manufacturing Furniture and Related Product Manufacturing Electronics and Appliance Stores Building Material and Garden Supply Stores Food and Beverage Stores Health and Professional Care Stores Gasoline Stations Clothing and Clothing Accessory Stores Sporting Goods, Hobby, Book and Music Stores Miscellaneous Store Retailers Transit and Ground Passenger Transportation Postal Service Educational Services Nursing and Residential Care Facilities Social Assistance Museums, Historical Sites, Zoos and Parks Amusements, Gambling and Recreation Accommodations Food Services and Drinking Places Personal and Laundry Service Membership Associations and Organizations

Another industry with high growth and below median wages is Apparel Manufacturing. While apparel manufacturing has been decreasing nationally, this industry has seen significant growth in Montana. The number of businesses, while fairly small, has increased by 25%. Furthermore, employment grew by 32% and average wages increased by nearly 50%. The success of this industry in Montana may be attributed to the types of apparel being manufactured. Many of the businesses in this industry have highly specialized products that have strong niche markets. By developing goods for niche markets, they have created circumstances in which the demand for their specific product is high.

### Industries Supplying Stability (Quadrant III)

Low growth and high wage industries already had higher than median average wages in 2002, but have experienced slower growth. These industries provide a solid foundation of high paying jobs with the protection of sustainable growth. They also serve as a layer of stability against national volatility in the higher growth industries.

Eight of the twenty industries in this classification are manufacturing industries. Many of these industries have benefited from advances in automation. These industries are primarily focused on producing durable goods including Electrical Equipment and Transportation Equipment. The products being produced are high value products, which has contributed to the high wages over time. Competition from other states and countries may have slowed growth, but these industries continue to provide good paying jobs and stability to workers.

### Industries Supporting Our Lifestyle (Quadrant IV)

Low growth and low wage industries are dominated by the service sector. These industries often serve as a generic training ground for workers in other industries by teaching unskilled and first-time workers the basics of joining the workforce. Additionally, tourism and lifestyle businesses are likely to be found here.

Much of the retail sector is included in this group, as are accommodation and food service industries. Demand for goods and services plays a smaller role in these industries than it does in the other quadrants. These industries typically employ lower skilled workers and there is traditionally a large supply of available qualified labor. The jobs in these industries are primarily entry level positions with high employee turnover rates. Thus, few employees advance to higher-paying positions within these industries and wages remain low at a statewide level.

### Conclusions

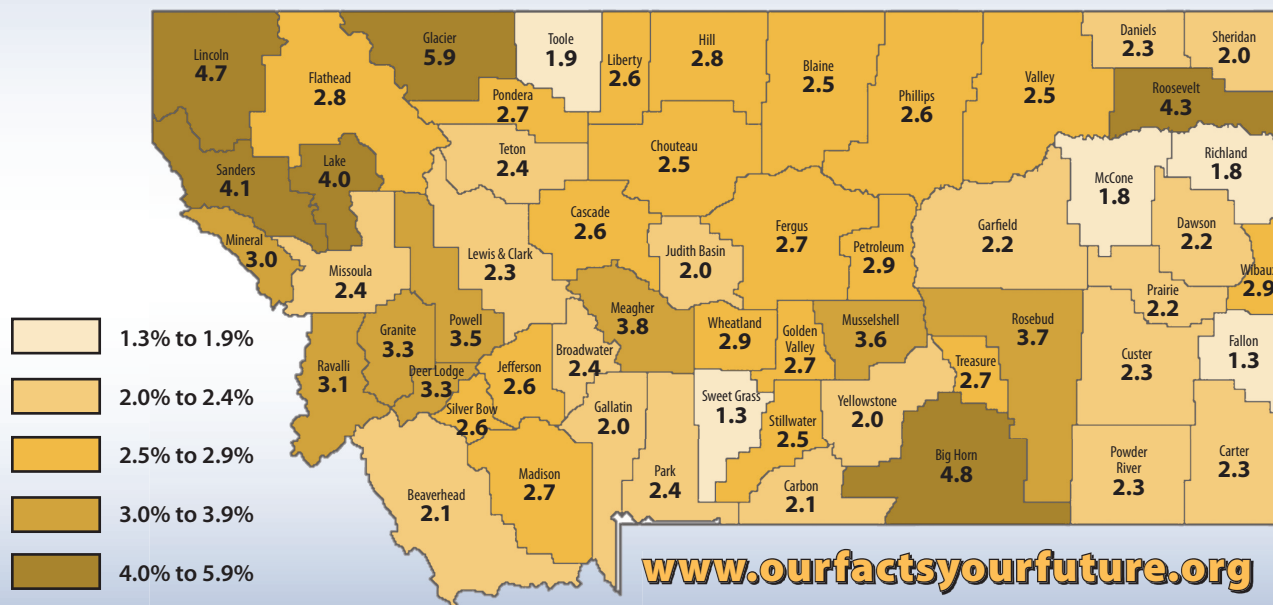
The division of all industries into quadrants based on wages and wage growth reveals several things about Montana's economy. There are four distinct groups that all have important roles in giving Montana a balanced economy. Over time, the groupings of industries around the medians may change, but one would expect to see the median wage continually increase. The quadrants each represent essential components of a balanced economy. There are industries with higher growth in wages that provide products and services in high demand. These industries also provide opportunities for businesses with the wherewithal to create even more demand for their products. In addition, there are industries that have slower growth, but provide the sustainability of high wage jobs. Finally, there are the industries that provide experience for job holders while supporting the quality of life of Montanans. These components combine to give Montana an economy capable of reacting to the demands of the current world, while still sustaining high-paying jobs and providing a training ground for future employees.



## COUNTY UNEMPLOYMENT RATES (NOT SEASONALLY ADJUSTED)

**Montana Average Rate: 2.6%**

**Please note:** The Federal Bureau of Labor Statistics has recently revised unemployment rates for individual counties from 2000 to the current. Statewide unemployment rates were not affected by these revisions. If you have any questions, please contact Tyler Turner at [tturner@mt.gov](mailto:tturner@mt.gov) or (406) 444-2992.



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